

Evaluating the Effectiveness of Reward Strategy at Tesco: Evidence from Selected Stores in UK

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Nowadays adopting effective reward strategy is one of the most prominent and frequently discussed issues in many organizations. If the reward is managed and distributed effectively it can benefit many organizations including Tesco. This paper seeks to analyze the effectiveness of reward strategy at Tesco based on the selected stores in UK. It has adopted a mixed approach of analyzing reward effectiveness at Tesco. Data collection technique focused on both primary and secondary sources. A total of 40 interviews were conducted of which 10 were in-depth interviews that combine both structured and open ended questions. The study found that the employees at Tesco were satisfied with existing reward system, and also felt that current reward strategy is meaningful and effective.

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Introduction

Reward strategy is one of the challenging parts in an organization's cost structure. It has direct impact on the financial statement of any organization and strategic influence on employees' attitudes, behaviors and organizational performances. So, it is a vital issue for any organization to persuade its own employees through appropriate reward strategy. Failure to implement this issue may cause immense loss both for the organizations and employees. In recent times, workers have already become more contrastive and they certainly do not prefer to stay in the same organization for a longer period of time. They are more aware of strategic compensation rather than traditional pay system. So, reward cannot be ignored. Even so, workforces are abandoned from equal pay, flexibility, job security, health and safety and different other benefit packages in many organizations in UK and other countries. In the USA, researchers identified that female faculty members earn on average 27% less than their male counter parts and also found the salary imbalances

between private and public sectors (London, 2011). Another research finding by Hey group revealed, whilst employees were committed to work and optimistic about the future, more than half of them believed that there was no meaningful reward for extra effort, over 40% felt not appreciated, and one in every five said they were actively looking for other jobs. Even though some companies are practicing rewards which are not automated and exciting to keep their own staffs in peace and motivated them in repeating positive behavior (Perkin, Whit & Jones, 2011). As a result, almost fifty percent of the US companies already have undergone systematic review of their existing reward plans and adopted the concept of strategic reward. Later on, it was followed by many of the British companies (Manas & Graham, 2003).

It is crucial for the organization to invest and design future reward strategy and adjust current program based upon the feedback they receive from employees.

Though reward is one of the neglected areas of HRM research it is not anymore confined only with the traditional recruitment, retention, motivation, recognition and cost control, rather has been appearing well beyond the system and connecting more closely to the organization's key success factors such as, competitive advantage, organizational effectiveness, increasing performance and achieving goal (Guest et al., 2012). So, it is crucial for the organization to invest and design future reward strategy

and adjust current program based upon the feedback they receive from employees. Discussion on these issues may be to scrutinize current system and redesign for the future reward system at some point. In this regard, Armstrong (2009) states that the main objectives of employee reward system, are to attain the organization's strategic goal through ensuring that the existing workforce are committed, competent, and well-motivated. However, challenges may come in return in terms of setting strategic reward based upon dynamic nature of changing business and employee demand. Despite some challenges reward strategy must be meaningful and effective in order to impact employees' perceptions to the organization and have positive impact on its retention and motivation efforts. This research, therefore, intended to scrutinize existing reward strategy and evaluate the effectiveness of current rewards at Tesco as a case organization.

Case Organization

The global retail market has been experiencing a dramatic transformation over last few decades and it plays a crucial role in global economy. In 2014, global retail sale was U.S. \$22.492 trillion¹ and it is expected that worldwide retail market will have a steady growth over next few years, and retail sales are projected to reach 27.73² trillion U.S. dol-

¹ Retail Sales Worldwide Will Top \$22 Trillion This Year. Available; <https://www.emarketer.com/Article/Retail-Sales-Worldwide-Will-Top-22-Trillion-This-Year/1011765>

lars by 2020. In terms of country, the retail sector's economic output has followed an average growth (2.5%) in the UK economy last ten years from 1997 to 2018. The economic contribution was GBP £92.8 billion which represents the 5% of total UK's GDP (Gross Domestic Product) and the total employment of this sector was 2.8 million in 2017 (Rhodes, 2018). As the largest grocery retailer in UK and 3rd largest in the world, Tesco has more than 6351 stores, 360,000 employees worldwide. Every £8 people spend on the high street in UK, £1 easily goes to Tesco. To certain extent, Tesco takes more than 50 pence of every pound spend on groceries³. Approximately 40 percent retail market share in UK is owned by Tesco which generated a sale of over GBP £157.7 billion in 2017 and employs over 1.4 million people across the UK⁴. Despite its economic contribution, Tesco has a growing concern to meet the manpower demand and make its own people happy. Employee development, procurement and retention have never been so crucial than today. Tesco is persistently searching ways to retain its core employees. Therefore, right compensation strategy has become a vital factor for employee motivation, retention and performance development. Specially in the era of economic crisis, downsizing,

restructuring and fast pace technological changes it is hard to keep up employees moral and motivation. In many cases, huge compensation, benefits and psychological contract also fail to define employee needs and working culture. In this research, therefore, the researchers intend to define and redefine the current reward strategy at Tesco and the extent it is meaningful to its own employees.

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Concept of Reward, Total Reward & Reward Strategy

The term "reward" means remuneration for the service in an organization. It is designed to reinforce desired behavior of the employee and the employer. It comprises both financial and nonfinancial returns provided by the employer. Reward helps to connect employee and employer for understanding their feelings and gratitude to each other. Malhotra et al. (2007) state that "work rewards" indicate the returns employees receive from their employers. However, in recent days, the reward system is not confined any more only with bureaucratic pay, incentives and benefits. Rather, it has been designed, redesigned; assessed, reassessed; produced and developed an apparent simplified term of 'Total Reward'. In fact, the term 'Total reward' has been embraced to explain strategic reward that includes additional elements such as, flexibility, working environment, workforce

²Total retail sales worldwide from 2015 to 2020 (in trillion U.S. dollars). Available; <https://www.statista.com/statistics/443522/global-retail-sales/>

³ Does Tesco account for £1 of every £7 spent in the UK retail sector? <https://fullfact.org/news/does-tesco-account-1-every-7-spent-uk-retail-sector/>

⁴ KPMG (2018). Tesco in the UK, The Socio-economic contribution in F/Y 2017/18

training and development, recognition, work-life balance, and other advanced benefit packages. It is an apparatus used by the employer to attract, retain and motivate employees in the organization. Total reward works as the tool, used by the employer to attract, motivate and retain staff (Tsede & Kutin, 2013). So, the term “total reward” includes everything employee receives to be valued by their employment relationship. Total reward is horizontally integrated with HR strategy and vertically integrated with other business strategies and it also goes beyond typical remuneration by embracing organizational culture, raising employees’ voices, inviting collective bargaining, and in return certifying better employee performance. In order to justify individual and organizational needs total reward is integrated with corporate and HR strategies. Appropriate reward strategy works as a guideline for the organization for the present-days operations, brings maximum return, builds up employment brand and proceeds of sustainable competitive growth in an organization.

Currently, many organizations in UK have better understanding of total reward and they are acknowledging it ever more than before. The important role of reward programs is to achieve organizational goals. Employers started realizing that individual company needs to develop its own reward strategy rather than duplicating from other companies. Own reward strategy ultimately will support the company’s human capital strategy and will allow them to align with business strategy. This implication of reward strategy has significantly increased in vari-

ous private sectors including Tesco. Tesco has developed its reward philosophy, principles and guidelines and integrated with comprehensive business strategies like consistent growth, customer loyalty, gaining competitive advantages and bring innovative concept. Tesco incorporates the concept of reward strategy with business and corporate strategy through internal resourcing, creating healthy working environment, taking employee opinions, training and development and many other HRM practices. So, the people at Tesco feel rewarded for the work they do. As given reward must reflect the priorities and needs of the employees for different markets, Tesco pays good basic pay, fair overtime and many other facilities to satisfy employees in each country. For instance, albeit there is no legal minimum wage in Malaysia, Tesco recompenses thirty percent⁵ more than the Poverty Line Index for household. In USA, Tesco delivers a variety of competitive benefits complying with local labor laws and regulations; more than 75% of the cost of medical, prescription drug, dental and vision coverage and many other benefits. Employees who are students, are eligible for tuition subsidy in South Korea. In UK, more than 193,000 employees received £92 million worth of free shares under ‘shares in success scheme’ in 2008. Around 52,000 staffs were eligible for £126 million worth of payout from risk-free “save as you earn” share option scheme, out of 44,000 staffs were able to save money through a tax-efficient

⁵ Tesco internal report, 2011; Tesco Home plus, Chelmsford, UK

scheme of “Buy as You Earn”(Clark. 2014). Furthermore, Tesco also offers a range of employee discount across the countries. In Czech Republic and Slovakia, employees are offered with family discount days, while in UK employees receive hundreds of benefits packages including pension scheme, tax free vouchers, and many other benefits. In an internal report of Tesco, it is stated;”Tesco has future oriented reward strategy across the countries so that it can make a clear plan on how Tesco will invest on employee benefits in every country it operates. The entire management team of Tesco enjoys the business success as it is growing through market driven benefit plan which is also linked to the profitability and goal of the company” (Internal Report,2009).

Again, reward strategy is a process that describes how an organization will design and articulate total reward and support the business strategy. It is not just about the incentive and benefit rather alignment with the aspiration and values of the organization. Reward strategy will be effective and meaningful only when it is transparent, motivates employee, align with organizational goal and increase the organizational performance. The effectiveness also can be evaluated based upon the cost and financial impact, external benchmarking, employee retention rate, business KPI (Key Performance Indicator) and stakeholders’ feedback. Thomson (2003) identified that reward practices will be effective when it extends employee skill and capacity, broaden employee performance and increase motivation. Referring to World at

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Work, a nonprofit association for human resource professionals, Schlechter et al. (2015), described a total reward model which comprises five fundamental elements namely, total compensation; relevant benefits; work-life balance of the workers; identify employees’ performance and their recognition and continuous career development opportunities. Each of them collectively explains organizational strategy and these elements are very powerful for employee attraction, motivation and retention. Many organizations are exercising this model to accelerate their business as well as satisfying their employees. This model also can be an ideal framework to structure a meaningful reward strategy at Tesco and guide the company for better understanding of reward strategy. Though a single approach may not be adequate to evaluate the reward effectiveness, a combination of the approaches may be effective to evaluate reward effectiveness at Tesco.

Motivational Theory& Reward Strategy

The development of reward management policies and structures are underpinned by the assumptions whether people are motivated to deliver optimum level of performances, optional efforts and contributions. These assumptions may not be recognizable to all organiza-

tions. However, the reward philosophies and policies of an organization can be better explained by different motivational theories and beliefs. Motivational theories also can propose guidance to organization with an interest of different issues like reward, retention, motivation and engagement. Maslow (1954) stated that employees are better motivated by different level of needs and satisfactions. He also stated that only unsatisfied need motivates employee for further action. Unlike Maslow, Alderfer ERG (1969) demonstrated that in some cases, need for the higher-level can be the principal motivating factor even though the needs at low level are not entirely satisfied, while Taylor (1911) argued that only a bigger amount of continuous pay can force employees to work and they will be motivated only if their rewards are directly associated with their performance. Gellerman (1963) stated that people perceive money as a means of achieving desire ends (Wright, 2004). The concepts of all the theories came with a common view that money is directly or indirectly associated with motivation and there are few other factors than money which motivated employees in their working life and personal life. However, these theories have a lot of connections with the current reward program at Tesco. Tesco's reward program is far more than the discussed theories which support employees through thousands of monetary and non-monetary benefit packages. In order to make sure the effectiveness of existing reward packages, Tesco offers every worker to join in a staff feedback survey called 'Viewpoint' which is the platform for each employee

to discourse their opinions on almost every segment of their job including current reward system.

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Furthermore, Adam (1965) declared that employee satisfaction is closely related with reward and pay which are measured by the employee perceptions. The difference between the “pay people receive” and the “pay they feel they ought to receive” is the main issue of reward. It is not about paying something which ultimately makes employees happy (Wright, 2004). Likewise, dichotomy of extrinsic and intrinsic reward was described by Herzberg (1968). He declared that most of the managers do not accept money as a key motivator rather they prefer job enrichment, rotation and continuous professional development. He also addressed and acknowledged that money issues are ended up with the conception of non-physical rewards. A similar concept was pointed out by Paul (2002), motivation is about intrinsic rather than extrinsic. It is the manager who can create a positive work environment so that employees feel good at work, and prefer working in the company for a longer period of time. Earlier, this concept was supported by McGregor (1960) and he stated that employee motivation at workplace is affected by the managers' behavior. A parallel research has been published at Harvard Business Review that employee motivation begins

with recognition and positive work environment which ultimately meet the emotional need, drives and bond (Simms, 2015; Nohria & Grasberg, 2008). Further, Kaliski (2007) stated that affirmative association between reward and motivation leads to job satisfaction and employee retention. Hence, this discussion can be a very useful tool for Tesco in both constructive and destructive amplification of inspiring existing employees. Positive motivation may support Tesco to encourage employees creating good quality job and increase organizational performances. Also, other executives may use their own designed techniques to encourage employees, from preventing negative manners. Therefore, this discussion can be reviewed further in details to enable the researcher, evaluating reward effectiveness at Tesco.

Reward Strategy of Tesco

According to Ajila & Abiola (2004) a good combination of reward maximizes employee's motivation, commitment and increase the overall performance of the organization. Likewise, Tesco has always been consistent and liberal in maintaining reward strategy for business growth. Tesco believes that employees deserve reward for working hard and makes sure that employees are motivated with the existing reward system. Tesco also facilitates good working environment and ensure both financial and nonfinancial benefits through several reward schemes. Nonetheless, Tesco's strategy has been changed marginally since the global meltdown and it has been continuing to fight enormous challenges thrown up by

double-dip recession in UK. Financial limitations threw Tesco in a puzzling situation especially when it came down to managing employee reward system effectively. Hence, it has managed to recover the reward crisis through various reward strategies including one-minute approach to satisfy employees during the huddle time of recession.

The entire package of reward is linked to the overall growth strategy of the company, so that staffs can share in the success they create.

Tesco has already introduced adequate number of flexible employee benefit provisions to recognize employees individually and in a group. These provisions have already been valued and praised by the staffs and reinforcing them working at Tesco. The entire package of reward is linked to the overall growth strategy of the company, so that staffs can share in the success they create. The recent announcement of its biggest wages increased (10.5%)⁶ and further increment of maternity benefits in next two years is the further extension of effective reward strategy at Tesco. Existing employment policy, sick pay, holiday structure, choices of extra leave and or additional pay schemes are far better than in many other retail shops in

⁶Tesco to give workers big pay rise and boost maternity leave; Tesco said that 97 per cent of staff will be better off under the new terms. Available: <https://www.independent.co.uk/news/business/news/tesco-payrise-workers-maternity-leave-benefits-increase-rise-a7805526.html>

the UK. Perhaps, 'Every little help' is the most resourceful slogan which architects several ways to help employees and customers. For instance, child care benefits, shopping vouchers, free shares, health insurance, great pension plan, share schemes & many other non-monetary benefits are prominent benefit schemes. However, many young employees in this organization perceive pensions as a distant and totally irrelevant and many older female employees feel that maternity benefits are not suitable for them. As a result, in some cases, Tesco fails to form the standardization of its benefits packages.

Although Tesco is very loyal of British employee, it also penalized the staffs who missed the days to turn up to work during the big freezer on 13th February, 2009. More than 12 inches of heavy snow fell across the country, lasted of remote areas and paralyzed the entire transport network. Instead of day-off Tesco has overruled and told their staff to choose between 'having less pay day' or 'losing day's holiday', 'shift swapping', or 'shifting a day off'. The firm's shelf stackers, customer care assistants, and check out staff, many of whom are Britain's under paid workers took this action as a misery of Tesco (Steiner, 2009). In 2007, when Tesco extended its store chain in USA, most of the union welcomed the news. The union expected it would herald a new chapter in employee relations in America's groceries industry. Unfortunately, it looked totally different in two years. As a business, Tesco only admires British community and workers. When it operates away from British shores, a

dossier on Tesco's hypocrisy, called 'Two Faces' of Tesco is exposed by the critics. The critics and publishers uncovered the difference between how Tesco behaves at home and in other countries. Tesco also does not extend its lauded principle of partnership to its entire employee outside UK though it claims to support employees' freedom of speech and, right to join their chosen trade union. However, Tesco refused to recognize trade union 'Tez-Koop-Is union' in Turkey even though 51% of employees were already trade members. In USA, it delayed and finally refused to appreciate the USCF (United Food and Commercial Workers Union). Avoidance and carelessness of union activities notify the researchers a glimpse of another Tesco which is not to be. Instead of engaging and recognizing trade union positively it refused to meet with them and accepted conflict instead of partnership (Hansen, 2008).

Reward is occasionally problematic and susceptible due to cultural, economic and individual worker perceptions and preferences. Majority of the reward professionals, therefore, preoccupy and adjust reward strategy for future cost, economic differences and uncertainty. Meanwhile, many private organizations in UK including Tesco have practiced inflated rate of pay rise. In 2008, Tesco paid 3.8% pay rise, sent managers in different stores to educate workers on how to face economic turbulences, delivered discounted product line and double up the club card. Despite the economic crisis, Tesco created thousands of new jobs and provided free assistance for the employ-

ees during credit crunch. The managers at various level work together with the staffs for creating team spirit, reducing absence and assisting them to save their mortgage. During recession, it doubled the value of employee's club card vouchers for buying not only clothes and toys but also food. In 2016, Tesco had considered cutting store staffs by 39,000 which was equivalent to one in every six employees or reducing hours (Ruddick, 2016). Recently, Tesco has further confirmed that almost 9000⁷ jobs across head office and different stores are at risk. Above discussion can be further reviewed and considered in details to enable the researcher in evaluating the reward effectiveness at Tesco.

Research Method

This study employed a mix of approaches to evaluate reward effectiveness of Tesco. The interviews were carried out as structured interviews. A total of 40 interviews were conducted, of which 10 were in-depth interviews that combined both structured and open-ended questions which allowed the interviewees to provide information about their experiences regarding the existing reward program and practices. The questionnaire was sent to the respondents before the interviews in order to give them enough time for preparation. The interview was taken place approximately one

hour consisting 17 questions at 3 different stores; Tesco Home plus at Parkway, Tesco Express at Duke Street and Tesco Superstore at Princes road, Chelmsford, UK. This study attempts to present a detailed picture of the compensation theory, literature, and models, based on the case of Tesco. The interview was conducted on customer care assistants, team leaders, and line managers in all the 3 stores of Tesco. A total of 17 questions were asked to the interviewees regarding Tesco's reward strategy, employee perception about reward, reward vs. performance, motivation, and retention. The respondents were from different levels in a particular Tesco store and their demographic characteristics are given in Table 1.

Responses were measured on a 5-point Likert scale (Strongly agree 5 & Strongly disagree 1). A higher score reflects a higher employee satisfaction on existing reward practices at Tesco. Primary data were complemented using other secondary data, such as, annual reports and business analytics available on internet and company website. Non-probability convenient sampling technique was used to collect data since it was conveniently available to collect data in a particular store rather than accessing several stores (Creswell, 2012). As an employee of Tesco Home Plus, one of the researchers had appropriate opportunities to closely observe reward system prevalent in the Tesco store and its impact on employee perception, motivation, and effectiveness. SPSS (Statistical Package for the Social Sciences) software and Microsoft Excel were used to

⁷ Tesco confirms 9,000 staff across its stores and head office are at risk of the chop as part of drastic business overhaul; Accessed from <https://www.thisismoney.co.uk/money/markets/article-6640523/Tesco-confirms-job-cuts-9-000-staff-stores-head-office-risk.html>

Table 1 Demographic Characteristics of the Respondents

Demographic Characteristics (N=30)		
Demographic Variables	Values	Percentage
Gender		
Male	22	73.3
Female	8	26.7
Age		
15-20years	6	20
21-30years	11	36.6
31-40years	9	30
41-50years	2	6.6
51-60years	1	3.3
More than 61 years	1	3.3
Education		
Primary School and lower	4	4
High School and lower	16	16
College/ Diploma	5	5
Bachelor's Degree	3	3
Master's Degree	2	2
Position		
Customer Care Assistant	23	76.6
Team Leader	4	13.3
Duty Manager	2	6.6
Personnel Manager	1	3.3
Store Manager	0	0
Tenure of Job		
<1 year	0	0
1-5 years	17	56.6
6-10 years	8	26.6
11-15 years	4	13.3
16-20	1	3.3
>20 years		

perform a statistical analysis. Descriptive analysis was done to evaluate reward effectiveness based on the respondents' feedback.

Findings

In regard to the feedback, all respondents had strongly agreed (or at least agreed) with the statements that reflect overall employee satisfactions on existing rewards. According to the survey findings, the employees believed that Tesco

had been providing competitive pay, internal equity, flexibility, and other employment benefits. Employees were much aware about Tesco's compensation policy and competitive pay structure. In fact, greater portion of the respondent

The employees believed that Tesco had been providing competitive pay, internal equity, flexibility, and other employment benefits.

Table 2 Respondents' Feedback on Reward Effectiveness

Item No.	Item Description	Descriptive Statistics (N=30)						
		Range	Minimum	Maximum	Mean	Std. Deviation	Variance	
Q6	Organization conducts performance appraisals as needed	0.00	5.00	5.00	5.00	0.00	0.00	
Q4	I am satisfied with the existing fringe benefits	0.00	5.00	5.00	5.00	0.00	0.00	
Q2	My organization follows a well-structured compensation policy	1.00	4.00	5.00	4.97	0.18	0.03	
Q7	Financial reward is the prime motivator for me	2.00	3.00	5.00	4.93	0.37	0.13	
Q10	My organization treat me with respect as an individual	1.00	4.00	5.00	4.90	0.31	0.09	
Q18	Overall, I am satisfied with existing reward program	1.00	4.00	5.00	4.87	0.35	0.12	
Q16	Enough support for work- life balance	1.00	4.00	5.00	4.87	0.35	0.12	
Q8	Reward plan motivates me towards organizational goal	2.00	3.00	5.00	4.87	0.43	0.19	
Q14	I am motivated to see the success of the company	2.00	3.00	5.00	4.77	0.57	0.32	
Q11	Organization practices employee appreciation programs	1.00	4.00	5.00	4.77	0.43	0.19	
Q9	Receive enough support to develop my skills and career	3.00	2.00	5.00	4.63	0.76	0.59	
Q17	Employee relation movements in my organization is interesting	2.00	3.00	5.00	4.57	0.57	0.32	
Q15	I feel a sense of completion with my job	2.00	3.00	5.00	4.50	0.73	0.53	
Q13	Company tries to create an exciting work environment for all	3.00	2.00	5.00	4.47	0.82	0.67	
Q5	My organization offer Flexible Spending Accounts	2.00	3.00	5.00	4.37	0.72	0.52	
Q3	Available employee benefit options and information	2.00	3.00	5.00	4.20	0.55	0.30	
Q12	Feel relax in my job	3.00	2.00	5.00	4.00	1.05	1.10	

salso believed that existing reward and internal equity worked well at Tesco and they had been paid fair wages, negotiating with union. The survey feedback provided by the respondents are summarized in Table 2.

On a close observation, it was also found that despite some limitations, most of the employees at Tesco believed that they were treated and respected by Tesco. As per Tesco culture, it is very common that a manager suddenly brings a doughnut on Sunday or arranges birthday cards so that the employee feels entitled. Every individual engages with Tesco culture from the interview to retirement. The company also assures that Tesco is one retailer, one team called 'Tesco team'. Employees trust and respect each other, strive to support to each other, and praise more than criticize. Every team enjoys work, celebrates success, shares knowledge and learns from their experiences. Managers at different levels, directors, HR seek to apply the principles of equality among different level of employ-

ees. One of the interviewees shared his experience regarding management approach:

“Sir Terry Leahy (Tesco’s Chief Executive Director) involves issuing, recognizing and directing letter to the best staff at store level. This is why people like to stay with Tesco more than 20/30 years” (Duty Manager-Tesco Home Plus; Interview taken April 2013).

Employees at Tesco also enjoy quality work life as they all are associated with equitable wages, flexible working hours, working condition, and family friendly policy.

Further, employees at Tesco also enjoy quality work life as they all are associated with equitable wages, flexible working hours, working condition, and family friendly policy. People here are entitled to reduce working hour, home base work, job sharing and compress work week end. At store level, Tesco allows employee shift swapping with another employee so that each shift is covered, but gives the employee the flexibility to re-arrange their working hours with no disruption to the business. In 2004, Tesco has been voted as the ‘Employer of the year 2004’ as its “Holistic” solution. Individual performance is recognized and invest million pounds every year in training and staff development with a special emphasis on the long-term employment. Manager here creates new line of communication where directors or senior managers spend a week on the

shop floor for generating new ideas and suggestions from customers and staffs. Shields et al., (2015); Gold et al., (2013); Huston, (2008); Orsingher, (2018); Bwowe & Marongwe, (2018) stated that reward must be flexible, fulfill different employee needs and align with the strategy of the company. An effective reward strategy also should have the combination of both monetary and non-monetary benefits. Positive production and performance only can be achieved when reward system satisfy employees’ expectations. After interviewing team leaders and line managers, it is understood that Tesco is very keen for adopting mix of benefit packages so that the employee feels gratified. Shields et al. (2015) further stated that higher productivity can be achieved if the existing reward system justified the workers’ needs and expectations. In an interview a manager also stated that employees at Tesco are well evaluated their performance and they are given various core plus options benefit packages.

Discussion & Conclusion

The ultimate aim of this study is to evaluate the effectiveness of existing reward practices at Tesco. On this concern, Karami et al., (2013) stated that existing reward program should be effective and line up with the organizational goal. The researchers also attempted to identify the way current reward at Tesco is effective, equitable and at the end it drives with ethical meaning. On the other hand, Armstrong et al. (2011) described that effective reward has to be scientific and evidence-based. Even a little

evidence demonstrates the efficiency of reward system. Though it is difficult to evaluate reward effectiveness with financial performance, a “soft approach” such as employee feedback, reaction, opinion or theory is sometimes acceptable and easier method to measure reward effectiveness. In many organizations it seems not to have any concrete evidence to justify the effectiveness of reward practices. However, in this study, the researchers applied “ground theory” approach that means a case study method to evaluate reward effectiveness at Tesco. The perception and execution of the employees and their contribution to the organizational goal is the reflection of effective reward system. Armstrong (2010: 80) also stated that reward effectiveness can be evaluated based on its association with ‘TEN Cs’ (competitive, convergent, contribution, customized, commits, communicated, cost effective, changes, controlled and compliant). It is a comprehensive tool of evaluating effective reward strategy in an organization like Tesco. Further, Armstrong et al. (2011) mentioned the most common practice to evaluate reward effectiveness is to associate reward cost with employees’ performance. The positive feedback from the respondents and gradual increment of sales and profit at Tesco⁸ has substantiated the effective and generous reward system at Tesco. The company also has actively taken several initiatives in many countries including UK to boost up em-

ployee engagements and involved them in maintaining transparency within the organization, with a seamless flow of information. Further, different theories have been explained and relate to reward, recognition and motivation. These theories supported researchers to assess the current reward system at Tesco and directed towards main objectives. It is also evident from the survey feedbacks that reward framework at Tesco is guided by the common principles and objectives of the company. Further, discussed theories also supported the researchers to identify the psychological factors which carried the key messages of motivation, engagement and retention and explained employees’ expectations and responsibilities. Respondents’ feedback regarding current reward, recognition and motivation policy helped the researchers to identify the extent why existing reward system at Tesco is effective and meaningful.

Reward framework at Tesco is guided by the common principles and objectives of the company.

Based on the survey findings and theoretical analysis, this research reveals that employees’ reaction at Tesco is positively affected by the rewards they receive. This was also substantiated by the respondents who were surveyed as most of them stated that the quality of the rewards they receive is extremely satisfactory. Likewise, Brown and Reilly (2009) describe that the existing reward system at Tesco has very powerful linkages with employee engagement and their financial

⁸ Tesco PLC, Five year record; <https://www.tescopl.com/investors/reports-results-and-presentations/financial-performance/five-year-record/>

Table 3 Meaningful & Effective Reward

SL No.	Theorist	Meaningful Assumption	Adopted by Tesco
1	Frederick Taylor	Motivational theory	Used for motivating staff financially and non-financially
2	Adam-1965	Balance employee input & output	For employee fair treatment
3	Maslow -1965	Employee is motivated by the need and demand	Satisfying and motivating employees' need
4	Herzberg-1968	Intrinsic and extrinsic factors	Assumed as motivating factors
5	McGregor-1960	Workplace behavior	Highly practices at Tesco
6	Total reward Model	Powerful elements for employee attraction, retention & motivation	Used for employee reward and motivation
7	Glaser and Strauss-1983	Deductive approach	Used to evaluate reward effectiveness
8	Michael Armstrong-2010	TEN Cs	Used to evaluate reward effectiveness

performance. Hence, without further hung-up on “false precision”, it is believed that Tesco has a meaningful and effective reward policy and practices.

Limitation

Many organizations are not concerned about the evaluation of reward effectiveness. It is inspiring to say that this research has taken a great initiative to evaluate it. Though there are various approaches of evaluating reward effectiveness, in this study, the researchers applied very limited approaches. This study was carried out with a small group of employees upon a particular store at Tesco. Though, Tesco follows uniform and consistent reward packages across the stores in UK, it is difficult to generalize the entire context of Tesco based on a selected store. However, this study would be used as a guide on how the HR practitioners can measure reward effectiveness in their organizations in future. Many alternative methods also can be

used for the future research by inculcating large number of employees in different stores at Tesco.

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